



**STATE OF NEW JERSEY**

**Board of Public Utilities**

**Two Gateway Center**

**Newark, NJ 07102**

**www.nj.gov/bpu**

WATER

IN THE MATTER OF THE PETITION OF ROXITICUS	)	ORDER ADOPTING INITIAL
WATER COMPANY, INC. FOR APPROVAL OF A	)	DECISION/STIPULATION
PURCHASED WATER TREATMENT ADJUSTMENT	)	
CLAUSE PURSUANT TO <u>N.J.A.C. 14:9-7.1</u> , ET SEQ.	)	BPU DOCKET NO. WR09020156
	)	OAL DOCKET NO. PUC 03623-09

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

On February 23, 2009, Roxiticus Water Company, Inc. ("Petitioner" or "Company"), a public utility of the State of New Jersey, filed a petition with the New Jersey Board of Public Utilities (Board) pursuant to N.J.A.C. 14:9-7.1 et seq., for approval of a Purchased Water Adjustment Clause (PWAC) charge to become effective May 18, 2009. The total revenue requirement increase requested was \$12,319.14 per year.

By this Order, the Board considers the Initial Decision recommending adoption of the Stipulation of Settlement ("Stipulation") executed by the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively the "Parties") agreeing to an overall increase in revenues in the amount of \$12,319.14 or 8.455%.

BACKGROUND/PROCEDURAL HISTORY

Petitioner is a water utility providing water service to approximately 104 customers in a portion of the Municipality of Mendham Township in Morris County, New Jersey. Petitioner purchases all of its water from the New Jersey American Water Company.

This matter was transmitted to the Office of Administrative Law ("OAL") on March 13, 2009, as a contested case, and was assigned to Administrative Law Judge ALJ Walter Braswell. A pre-hearing conference was held on May 5, 2009 and a pre-hearing Order was issued on May 7, 2009. After proper notice, a public hearing was held in this matter on June 24, 2009, at 6:30 pm at the Mendham Township Town Hall in Brookside, NJ. No members of the public appeared at the public hearing.



Subsequent to the public hearing, the Parties engaged in settlement negotiations. There were no interveners in this matter. As a result of these discussions and extensive discovery, the Parties reached a stipulation of settlement on all issues.

On July 17, 2009, ALJ Braswell issued his Initial Decision in this matter recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues and is consistent with the law. No exceptions were received by the Board.

#### DISCUSSION AND FINDINGS

As more fully discussed in the attached Stipulation, the Parties agreed that the following increases are reasonable and appropriate to allow the Company to recover increased purchased water treatment expenses:

- The average quarterly bill for a single family residential water customer with a ¾" meter and using an average of 38,000 gallons of water per quarter will see an increase of \$32.74 per quarter and will result in an increase in a quarterly bill from the current \$390.12 per quarter to \$422.86 per quarter or 8.39%.
- The average quarterly bill for a condominium residential water customer with a ¾" meter and using 11,000 gallons of water per quarter will see an increase of \$9.47 per quarter and will result in an increase in a quarterly water bill from the current \$148.21 to \$157.68 or 6.39%.

Having reviewed the Initial Decision and the Stipulation, the Board FINDS that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Initial Decision and the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board HEREBY ADOPTS the Initial Decision and the Stipulation of Settlement as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein, subject to the following:

In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules will be served upon all Parties to the present proceeding.

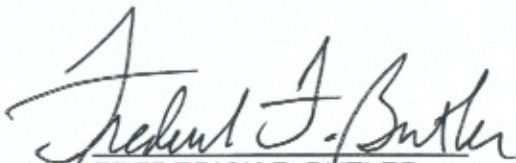
The Board HEREBY ACCEPTS the tariff pages attached to the Stipulation of Settlement as filed with the Board, to be effective as of the date of this Order.

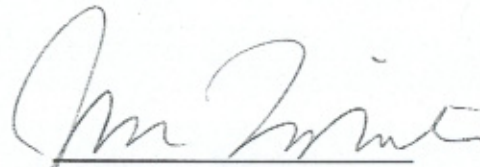
The effective date of this Order is as dated below:

DATED: 7/31/09

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

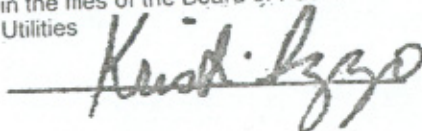
  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities





In the Matter of the Petition of Roxiticus Water Company  
For Approval of a Purchased Water  
Treatment Adjustment Clause Pursuant to  
N.J.A.C. 14:9-7.1

BPU Docket No. WR09020156  
OAL Docket No. PUC 03623-09

SERVICE LIST

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c/o GPM Associates, Inc.  
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[dave@gpmwater.com](mailto:dave@gpmwater.com)

Lawrence J. Zucker, Vice-President  
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Cynthia L.M. Holland, DAG  
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Christine Juarez  
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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION  
OF ROXITICUS WATER COMPANY FOR AN  
INCREASE IN ITS PURCHASED WATER  
ADJUSTMENT CLAUSE PURSUANT TO  
N.J.A.C. 14:9-7.1 ET SEQ.

BPU Docket No. WR09020156  
OAL Docket No. PUC 03623-09

**STIPULATION**

**APPEARANCES**

David R. Monie, P.E., President Roxiticus Water Company for Petitioner, Roxiticus Water Company.

Christine M. Juarez, Esq. Assistant Deputy Public Advocate for Division of Rate Counsel (Ronald K. Chen, Public Advocate of New Jersey; Stefanie A. Brand, Director, Division of Rate Counsel);

Anne Marie Shatto, Deputy Attorney General and Cynthia L. M. Holland, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of New Jersey).

TO THE HONORABLE COMMISSIONERS AT THE BOARD OF PUBLIC UTILITIES:

**PROCEDURAL HISTORY**

1. Petitioner, Roxiticus Water Company (hereinafter referred to as "Petitioner" or "Company") is a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board") and franchised to provide water service in a portion of the Township of Mendham, Morris County, New Jersey.
2. On February 23, 2009, Petitioner filed a petition with the Board, pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:9-7.1 et seq., seeking a rate adjustment under a purchased water adjustment clause ("PWAC") to recover increased purchased water costs.
3. On March 13, 2009, the Board transmitted the matter to the Office of Administrative Law ("OAL") as a contested case where the matter was assigned to the Honorable Walter Braswell, Administrative Law Judge ("ALJ").



4. A telephonic pre-hearing conference was held before ALJ Braswell on May 5, 2009, at which time dates for a public hearing in Petitioner's service area and evidentiary hearings were scheduled. After appropriate public notice, a public hearing was held on June 24, 2009, at 6:30 pm, at the Mendham Township Town Hall in Brookside, New Jersey, presided over by the Honorable Leslie Celentano, ALJ. No members of the public appeared on that occasion.
5. The parties to the proceeding include the Staff of the Board of Public Utilities ("Board Staff"), the Company, and the Division of Rate Counsel ("Rate Counsel"). During the course of this proceeding, Petitioner was served with, and responded to, discovery requests by Rate Counsel and by Board Staff. The parties engaged in a discovery and settlement conference. The Petitioner, Rate Counsel, and Board Staff (the "Signatory Parties") also conferred by telephone on a number of occasions throughout the proceeding to discuss issues related to this matter.
6. Petitioner purchases all of its water from New Jersey-American Water Company, Inc. ("NJAWC"), pursuant to Rate Schedules A-1 and O-1 of the General Metered Service and PWAC provisions of the NJAWC Tariff.
7. On December 8, 2008, the Board approved an increase in NJAWC's rates and charges for water service, including the general metered service and PWAC provisions applicable to water sales to Petitioner. As a result, the usage charges applicable to Petitioner's water purchases from NJAWC increased from a total (general metered service plus PWAC charges) of \$4.4007 to \$4.9163 per thousand gallons, and the applicable fixed service charge increased from \$589.56 per month to \$620.97 per month.
8. Petitioner's last base rate case was filed with the Board on December 22, 2006, in BPU Docket No. WR06120884 and was resolved by means of a Stipulation, which was subsequently approved by the OAL pursuant to an Initial Decision dated April 18, 2007, and by the Board pursuant to its Order dated May 15, 2007.

#### STIPULATED MATTERS

9. As a result of an analysis of the petition and exhibits, Petitioner's responses to discovery propounded by Rate Counsel and Board Staff, as well as their discussions and negotiations in this matter, the Signatory Parties have reached a Stipulation and do hereby stipulate the following:
10. Attached hereto and made part hereof is Exhibit A, entitled, "Roxiticus Water Company, Derivation of PWAC Increase Effective Date August 1, 2009" detailing the basis of the rate adjustment to which the Signatory Parties have stipulated herein.



11. As reflected in the aforesaid Exhibit A, additional revenues in the amount of \$12,319.14 over present rate revenues are required to enable Petitioner to cover its increased purchased water costs.
12. In order to recover the additional revenues specified in Exhibit A, an increase in Petitioner's PWAC to \$0.8614 per thousand gallons is necessary. The additional revenues stipulated herein are necessary to ensure that Petitioner will continue to provide safe, adequate and proper service to its customers.
13. Attached hereto and made part hereof as Exhibit B is a revised tariff sheet conforming to this Stipulation and reflecting the new PWAC rate agreed upon by the Signatory Parties. The new PWAC rate will become effective on such date as the Board shall direct.
14. As a result of the rate adjustment stipulated herein, the quarterly bill for a typical single family residential customer with a 3/4 inch meter, and average consumption of 38,000 gallons quarterly, will increase from \$390.12 to \$422.86, representing an increase of 8.39%; and the quarterly bill for a typical condominium customer with a 3/4 inch meter, and average quarterly consumption of 11,000 gallons, will increase from \$148.21 to \$157.68, representing an increase of 6.39%.
15. Petitioner will file a new tariff sheet with the Board, with copies to the Signatory Parties, in conformity with this Stipulation, to become effective on such date as the Board may direct.
16. In accordance with the provisions of N.J.A.C. 14:9-7.4, the Petitioner shall file with the Board, not later than 45 days after the adjustment clause has been in effect for one year, a PWAC true-up schedule in connection with this proceeding. Copies of the true-up schedules will be served upon all Signatory Parties to the proceeding. In accordance with the provisions of N.J.A.C. 14:9-7.3, this PWAC, if approved by the Board, shall remain in effect until the Company's next rate case, provided that the Company submits an annual year-end true up as described above and an annual petition for adjustment of the PWAC amount in accordance with N.J.A.C. 14:9-7.4.
17. The calculation of the new PWAC rate stipulated herein and set forth on Exhibit A attached hereto used a three year amortization of both shared rate case expenses and the deferral of the additional costs between when the NJAWC rate increase was approved (December 8, 2008) and the anticipated effective date of Petitioner's new PWAC rate (August 1, 2009). The purpose of the three year amortization is to minimize any need for annual changes in the PWAC amount for the Petitioner.

#### MISCELLANEOUS

18. This Stipulation applies only to this proceeding and is thus executed by the Signatory Parties without prejudice to the positions asserted by each in this case and without



prejudice to the positions which the Signatory Parties may choose to assert in future proceedings. The Signatory Parties further agree that the purpose of this Stipulation is to reach a fair and reasonable change in the Company's PWAC rate and to conclude pending litigation. This Stipulation is not in any way intended to restrict or bind any of the Signatory Parties hereto with respect to substantive positions they may choose to assert in any pending or future rate proceeding in this or any other forum. Therefore, the Signatory Parties acknowledge that the Stipulation herein has been made exclusively for this proceeding before the OAL and Board.

19. In the event of any modification, amendment or alteration of this Stipulation by the Board, the Signatory Parties individually reserve the right to either deem the Stipulation void (in which case the Signatory Parties would revert to the status quo prior to the execution of this Stipulation, which in this matter would be submission of testimony and proceeding with evidentiary hearings) or to consent to the modification(s) in writing.
20. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Company, the Board, Board Staff or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposedly underlying any agreement provided herein in total or by specific item. The Signatory Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.
21. All rates are subject to audit by the Board.
22. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.



WHEREFORE, the Signatory Parties hereto do respectfully submit this Stipulation and request that the Board issue a decision and Order approving it in its entirety, in accordance with the Terms hereof, as soon as reasonably possible.

Dated

7/14/09

ROXITICUS WATER COMPANY

By:




David R. Monie, P.E., President

Dated

RONALD K. CHEN  
PUBLIC ADVOCATE

Stefanie A. Brand  
Director, Division of Rate Counsel

By:

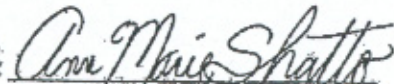


Christine Juarez, Esq.  
Assistant Deputy Public Advocate

Dated

ANNE MILGRAM  
ATTORNEY GENERAL OF NEW JERSEY  
ATTORNEYS FOR THE STAFF OF THE  
NEW JERSEY BOARD OF PUBLIC UTILITIES

By:



Anne Marie Shatto  
Cynthia L. M. Holland  
Deputy Attorneys General

**EXHIBIT A**

Roxliffe Water Company  
Derivation of PWAC Increase  
Effective Date August 1, 2009

Sheet 1 of 3

( NJAW Increase 12/08/08 )

Gross Revenue 2008	\$145,702	
Increase Required for NJ American Increase	5.846%	(A)
Increase for Deferred Costs and Timing Differences	<u>1.932%</u> 7.581%	(B)
Increase Required for Tax Gross Up	<u>0.874%</u>	
Total % Increase To Sales	<u>8.455%</u> <u>12,319</u>	(C)
Total Required Revenue	<u>\$158,021</u>	
P W A C Increase Required	<u>12319</u> <u>\$0.8814</u> Per 1000 Gals	
Current P W A C	<u>0.0000</u>	
Proposed P W A C	<u>0.8814</u>	

(A) Calculation of Increase to Cover N J American Rate Increase

		Old Rates	New Rates	Difference		
( 8" Meter )	Fixed Chg	\$ 589.56	\$ 620.97	\$ 31.41	<u>0.05327702</u>	
( Per 1000 )	Consumpt	\$ 4.1009	\$ 4.5993	\$ 0.50	<u>0.121534297</u>	
	P W A C	\$ 0.2898	\$ 0.3170	\$ 0.02	<u>0.057371581</u>	
Metered Consumption						
3 Yr Ave. used in Base Rate Case	14,302					
Purch Water 3 Yr Ave. used in	15,232	\$ 87,031.48	\$ 74,885.08			
Base Rate Case						
Fixed Annual	12 Months	\$ 7,074.72	\$ 7,451.54			
		<u>\$ 74,106.18</u>	<u>\$ 82,336.72</u>	\$ 8,230.54	5.840%	(A)
Deferred Costs and Timing Differences				<u>\$ 2,815.27</u>	<u>1.932%</u>	(B)
Increase Needed before Gross Up for Taxes				\$ 11,045.81	7.581%	
Gross Up for Taxes				<u>\$ 1,273.33</u>	<u>0.874%</u>	
Increase Needed Including Gross Up for Taxes				<u>\$ 12,319.14</u>	<u>8.455%</u>	(C)



**EXHIBIT A**

Sheet 2 of 3

Roxiticus Water Company  
Derivation of PWAC Increase  
Effective Date August 1, 2009

**(B) Increase for Deferred Costs and Timing Differences**

				12/8/2008	8/8/2008	7/8/2008
				8/8/2008	7/7/2008	8/10/2008
Additional Billing	Consump.	\$	0.5158	\$ 2,510	\$ 913	\$ 1,288
	Fixed	\$	31.41	\$ 188	\$ 31	\$ 31
				\$ 2,705	\$ 944	\$ 1,297
Total Deferral thru 8/10/08					\$ 4,946	
Total Est Rate Case Costs				\$ 7,000		
50 % Sharing					\$ 3,500	
Deferred Costs and Rate Case Expense					\$ 8,446	
Three year Amortization					\$ 2,815 (B)	

Consumption OB( Taken from 2008 bills )

<u>Dec 07 - Jun 08</u>		
Dec - Jan	850	
Jan - Feb	880	
Feb - March	850	
March - April	895	
April - May	1015	
May - June	1410	4980
June - July	1770	1770
July - Aug	2455	2455

Rate Case Expense

Rate Counsel	Kleinfeld & Kleinfeld	0
Rate Consultants	G P M Associates	8000
Misc. Costs	Court Reporter & Advertising	1000

Total Rate Case Expense 7000

**(C) Calculation of Effective GRAF Tax Rate**

<b>State</b>			Required Increase before GRAF Taxes	\$	11,046
Franchise Tax	372				
Gross Receipts Tax	1301	1673	GRAF Taxes on Increase (gross up)		1,273
<b>Municipal</b>			Total Required PWAC Increase	\$	12,319
Franchise Tax	2880				
Gross Receipts Tax	10407	13387			
		13060			
Gross Sales		145702			
GRAF Tax Effective %	10.336%				

(C)

EXHIBIT A

Sheet 3 of 3

Roxiticus Water Company  
Derivation of PWAC Increase

Effective Date August 1, 2009

AVERAGE QUARTERLY BILL FOR A TYPICAL CUSTOMER

<u>Meter Size</u>	<u>Quarterly Usage</u>	<u>Present</u>	<u>Proposed</u>	<u>% Increase</u>
3/4 "	38,000 Gallons	\$390.12	\$422.86	8.39%
3/4 "	11,000 Gallons	\$148.21	\$157.68	6.39%

The overall increase in the consumption charge would be: 9.61%

The rate case expenses would total \$ 7,000.00 and would be subject to a 50 / 50 sharing ratio.

The new rate will be :	THE EXISTING RATE	\$ 8.9598	
	THE P W A C RATE	\$ 0.8614	
	New Rate	\$ 9.8212	Per 1000 Gallons of Consumption



ROXITICUS WATER COMPANY  
B.P.U. NO. 3- WATER

First Revised Sheet No. 15 Superseding  
ORIGINAL SHEET NO. 15

EXHIBIT B

RATE SCHEDULE NO. 1  
METERED SERVICE

PURCHASED WATER ADJUSTMENT CLAUSE (PWAC) CHARGE

A charge of \$0.8614 per thousand gallons for all sales will be made to recover increases in the purchased water costs not included in the Consumption Charge.

Issued:

Effective:

By: David R. Monie, President  
P O Box 605  
Cherry Hill, New Jersey 08003

Filed pursuant to an Order of the Board of Public Utilities, State of New Jersey,  
Docket No. WR09020156, dated